

A.M.A. NEWS LETTER

AMERICAN MANAGEMENT ASSOCIATION, 330 WEST 42nd ST., NEW YORK, N. Y.

OCTOBER 26, 1936

STAGE IS SET FOR MARKETING MEETING

**All in Readiness for Sales Conference
At Hotel Pennsylvania, N. Y. C.
Nov. 12-13**

With the Office Management Conference now over, the AMA spotlight swings to the two Marketing Divisions and their meeting that will be held on November 12 and 13 at the Hotel Pennsylvania, New York City.

Piloted by the two divisional vice presidents, H. W. Dodge, Vice President of The Texas Company, and J. H. Macleod, Vice President of the Sales Division, The Hinde & Dauch Paper Co., the Consumer and Industrial Marketing Divisions will go through a two-day "laboratory" conference.

Practical Marketing Research—effective sales tools and new methods of evaluating costs in relation to sales, which will be diagnosed on the clinic table, are subjects which will make this meeting one of special value to those attending.

Robinson-Patman Act

The Robinson-Patman Act in relation to price structures, trade allowances, products standardization, and the cost accounting which must be set up as a defense against possible violation charges will be thoroughly gone into.

A picture of consumer cooperatives and what private business faces in competition with them will be dealt with analytically, as one of the high spot features of special value to those looking for real information on this important movement.

AMA has been diligent in getting men who have observed most carefully these two marketing phenomena.

There is not space here to review the program in its entirety, but we can tell you something about the papers that will be given.

On the first morning, papers will be heard on "Training Programs for Sales Executives," and "Training Salesmen Under Today's Conditions." As indicated, the whole conference will be on a laboratory basis, and sales executives will test policies in the light of experience.

Need Copies of "Personnel"

An unprecedented demand has depleted entirely our supply of the August, 1936, issue of *Personnel*. We would appreciate receiving from members any extra copies of this issue which they can spare so that we can replenish our stock.

Packaging Book Scoring Wherever It Is Seen

Smart Shops That Never Handled Such Books Have It in Windows

Although off the press only a few weeks, AMA's book, *Packaging, Packing and Shipping*, gives signs of becoming a best seller among books of its kind. Book stores that never before handled business books have taken it into stock. Companies, after examining a sample copy, have purchased eight and ten copies for various departments and branch offices. Smart metropolitan book shops are displaying it prominently in their windows.

Companies that have been found to be most interested in the book are: food, drug, liquor and beverage concerns; advertising agencies; department stores; and lithographers. The book evidently has an appeal for all industry.

PANEL DISCUSSION PHASE OF MEETING

"How to sell sound office management to company executives," was the subject of the panel discussion at the closing session of the Office Management Conference.

The different points of view represented by members of the panel made the session lively, although some of the members of the conference would apparently have preferred a discussion of more highly controversial issues. Near the close of the session members of the audience were invited to participate and questions and comments came from several of the delegates.

The value of an office manual as an aid in interpreting the policies of the company to its employees was emphasized by George L. Harris in the panel discussion. He said that he had spent six months in preparing for his company a manual which explains the reason for every specific rule or regulation of the company and that the manual is explained section by section in the company's monthly magazine which reaches all employees. The result: a much better spirit of cooperation on the part of employees and no strikes. The manual is entitled, "You and Your Company," and Mr. Harris stated that he would be glad to send a copy of it to anyone interested.

Side Glances on the Office Management Conference

Among the new members of the AMA attending the conference was R. W. Starreveld, Managing Director of the International Office Machine Research Corporation, Amsterdam, Holland.

It isn't the major executive who gets balky when the office manager attempts to inaugurate a program of good office management; it's the minor executive who puts up the opposition. That was just about the consensus of the group that discussed that problem.

Seeing the AMA in action, several non-members who were attending the conference could hold out no longer, and joined up on the spot.

The Panel Discussion was new stuff for an Office Management Conference, and it was a good piece of showmanship. It was novel and different; and people did get something out of it.

One remark overheard while the panel discussion was in progress was: "When does the fighting start?"

Although the panel didn't make much thunder, that photographer was doing his best about the lightning.

Chairman Maze was diligent in his effort to foment strife among the panel people, but he failed, as far as this observer could see, to scare up even one scowl. Our congratulations to him anyway for doing a darn fine job of chairing.

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Memberships Increasing, Rosy Report Reveals

Budget Exceeded by 90 Per Cent

The Membership Department reports that not once in the last six months has the amount of new business (new members) fallen below the estimated budget. In fact, to date, the budget has been exceeded by 80 to 90 per cent.

Looking for a reason for this increase, one is apt to say that business has improved everywhere, but second-thought investigation in the AMA's case points to something else. People are beginning to realize that an AMA membership is a *lift to better business*. This is strongly borne out by the fact that companies or individuals, once they have joined the association, rarely drop their membership.

Now, although never high, cancellations in the AMA have dropped to almost nothing. This fact may point more truly to better general conditions, but it should also be mentioned that there has been a toning up of AMA service which may have something to do with it.

In the last few weeks two more large firms doubled memberships.

450 Executives Flock to New York to Attend AMA's 1936 Conference on Office Management

Speakers Hit Weaknesses and Waste of Offices

Four hundred and fifty executives seeking new light on office management problems came from all parts of the United States and from two foreign countries to the Hotel Commodore in New York City last week to attend AMA's meeting on office management problems of these 1936 recovery days.

As well as hitting off a new high for attendance at office meetings, the conference also hung up a new record for audience interest. Well planned, every session of the meeting was marked by a high degree of responsiveness from the floor.

Speakers aimed their guns at various weaknesses of offices, and suggested means of introducing systems for the elimination of large-scale waste.

Permanency Measured

The relative length of service of men and women office workers was the subject of an investigation which is reported in the November issue of *Personnel* by Marion A. Bills and H. D. Prentice of the Aetna Affiliated Companies.

The curves of permanency for men and women cross between the sixth and seventh years of service, but there is in reality very little difference in the length of service of men and women up to at least ten years, according to the report.

The research was based on the years 1925 and 1926 when the Aetna Affiliated Companies hired 1,559 persons.

The paper of I. A. Herrmann, Office Manager of the Servel Company, Evansville, Indiana, together with a series of charts he used in illustrating his discussion of "The Office Manager's Job," aroused much interest. The chart of greatest interest was one illustrating a telegraphic code manual devised by Mr. Herrmann for use in placing purchase orders. He indicated that through the use of this code manual his company has been able to reduce its telegraph expense several thousand dollars annually.

Testing Discussed

The afternoon of the first day devoted attention to tests on qualifications of office employees for positions or for promotions. Dr. Morris S. Viteles of the psychology department of the University of Pennsylvania and director of personnel research and training for the Philadelphia Electric Company, discussed the value of tests in selecting office workers and emphasized the vital need of further research to develop better testing methods.

C. L. Stivers, Office Manager of the Jewel Tea Company, Barrington, Illinois discussed office incentive plans before the depression as compared with those of the present time or the measurement of production and wage incentives. Frank M. Knox, head of the Frank M. Knox printing firm of Pittsburgh, Pa., pointed out that through the standardization of office and plant printed forms "the average company can save thousands, and large can save hundreds of thousands of dollars" directly and indirectly. He indicated that standardization is "a specialized job requiring certain definite tools and experience."



More than 450 executives were listening to this panel of speakers discussing ways of selling sound office management when this picture was snapped during the closing session of the Office Management Conference.

Left to right, George L. Harris of Addressograph-Multigraph Corporation, Vice President in charge of AMA's Office Management Division; Marion A. Bills of the Aetna Life Insurance Company; E. H. Conarroe of the Policyholder's Service Bureau, Metropolitan Life Insurance Co.; Professor Coleman L. Maze of New York University, Chairman of the Panel; Frank L. Rowland of the Life Office Management Association; L. H. Brigham of the American Optical Company; and C. L. Stivers of Jewel Tea Co.

This digest covers the views of various authorities. It does not include any strictly confidential information nor specific advice from the sources.

BUSINESS CONDITIONS

Vol. 9, No. 10

October, 1936

	ALEXANDER HAMILTON INSTITUTE	BARSON STATISTICAL ORGANIZATION	BROOKMIRE, INC.	BUSINESS WEEK
GENERAL OUTLOOK	Although it showed a decline from the figure for the previous month, the national income in August was 14.9% larger than in the corresponding month last year; it is probable that the recession in August was only a temporary matter (October 10).	The fundamental trend of business should continue upward. Federal spending, although likely to taper off, will still be a stimulus. Business is climbing out of the red ink area of depression into the black ink of expansion (October 12).	Favorable developments appear to overbalance the unfavorable in international affairs, while in domestic business the trend of increasing activity is gathering momentum (October 10).	Gentlemen's agreement and France is common assurance of monetary. This should have a tonic effect on business and encourage long-term commitments bound to succeed (October 3).
MONEY AND CREDIT	Devaluation in the gold bloc has removed one of the big obstacles to currency stabilization; now, the gradual restoration of sound currency conditions throughout the world may be expected (October 10).	It looks as if from now on it will be a question of which nation will be the first to devalue its currency further. After a while the world will come to its senses, but at present there seems little possibility of really effective stabilization (October 12).		Roosevelt, if re-elected, Congress for retention of a chip 9.06 cents more or less of dollar. The President is able to counter any foreign would depress our dollar (October 3).
SECURITY MARKETS	The technical behavior of the market has tended to confirm the bullish indications previously given; developments of recent weeks suggest that the intermediate movement now is definitely upward, subject to minor variations (October 15).	Fundamental statistics which are reflected in stock prices are mainly bullish at the present time. One of the most important factors is that there is plenty of money at low rates for business. Even Government deficits can be considered bullish (October 12).	The underlying strength of the corporate bond market has been demonstrated in the last two weeks. Scores of issues have reached new all-time highs. Present conditions do not appear to change the outlook, at least for a few months (October 10).	If stock market approach current situation have a tonic all must be well. New since early 1931 were established in the week (October 10).
PRODUCTION	Production showed a rather pronounced decline in August from July, but while total production was 3.5% smaller, it was 13.4% larger than in the same month last year; the drop in output was confined entirely to agriculture (October 10).	The huge backlog of deferred demand for capital goods will be more freely released during 1937. You can expect the heavy goods industries to make the largest percentage gains next year (October 12).	Electricity consumption continues above a year ago by the good margin of about 16% (October 10). The demand for steel seems likely to raise the pig-iron operating rate above 80% of capacity before the year end (October 3).	The furniture industry is one of its best years since standing in recovery the glass industry—every year has set new all-time peak have the greatest backlog of orders since 1929 (October 3).
DISTRIBUTION		Total sales for first half of 1937 should increase from 15% to 20% over 1936. Sales managers and advertising men should plan on favorable prospects. They are the inevitable results of the rise in purchasing power and favorable business outlook (October 12).	Retail trade, which receded both in August and September, should rise substantially in the last quarter (October 3).	Still optimistic concerning the last quarter, which is third of the year's total placing nearly 8% more than they did last year at the time (October 10).
BUILDING	Building activity, on which manufacturing is to a large extent dependent, reached a new recovery peak in August with contracts showing an increase of 86.6% over the volume in the corresponding month last year (October 10).	The pioneering efforts of prefabricated housing may have been too revolutionary. The industry's present policy of cooperating with local interests may lower resistance and give it a real start. This is distinctly a longer-term development (October 12).	Residential building volumes are running more than double last year; and capital improvements by railroads, public utilities, as well as in many diversified industrial plants, are in the offing (October 3).	Construction activity during nine months has run 71% like period for 1935, with construction up 74%, non-residential up 74%, and public utilities up 67% (October 3).
AGRICULTURE	The Department of Agriculture's report on prospective yields, as of Sept. 1, indicated a slight improvement for 15 of 21 principal crops; drought wrought injuries in July, but little further damage was done in August (September 26).	Because of the irregular prices, it is difficult to forecast what the total farm income from crops will be for the year as a whole. It is felt, however, that it will exceed last year's value by about 22% (October 12).	Much of the strength in agricultural crop commodities has already occurred, but further rises are expected in livestock, fats and oils, and dairy products (October 3).	Because price increases to offset the smaller volume to be marketed this fall is expected to show less rise up to the fall peak. The year's income as a whole, however, will exceed 1935 (October 3).
COMMODITY PRICES	The index of all commodity prices reached a new recovery peak in August; based on the first two weeks, the September index was unchanged; a further rise is anticipated that will accompany the inflationary trend (September 26).	Commodity prices are sure to be much higher. Corporations should now store up raw materials for some time in advance. Iron, copper, lumber and pulp are far better investments than bonds or bank balances (October 12).	Reasonable equilibrium in the monies and economy of the principal nations of the world would probably be followed by a broad rise in world commodity prices (October 3).	
FOREIGN TRADE AND CONDITIONS	If the currency devaluation is followed by a revival of industry and trade in the former gold bloc countries, it should result in an increased demand for American commodities (October 10).		Foreign conditions continue to brighten. Stocks rose sharply in Paris as expected; more significantly, stocks in London forged ahead to new highs. Eventual exchange stabilization would greatly stimulate world trade (October 10).	With imports climbing for first time in ten years week's big shift in European front, tariff comes back issue in Congress. Reciprocity expires next June and extension is certain (October 3).
LABOR AND WAGES	Factory payrolls in August increased 4.1% over July to a new recovery peak; moreover the current August rise was greater than the average seasonal increase of 3.5%; compared to a year ago factory payrolls showed a gain of 17.2% (October 3).	The turn of the year will see a definite season of labor unrest. Major interest centers on the steel industry, where wage increase demands and the Lewis CIO unionization drive may foment trouble by spring (October 12).	There is a higher level of employment, and wage scales will probably rise, thus increasing payrolls even faster. Higher industrial output makes greater demands for coal and metals, and workers in these industries will benefit (October 3).	Labor Relations Act thorough going-over by Senate as Associated Press says of Bradley Lumber Company marble doorstep (October 3).

NEWS AND FORECASTS

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1936

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BUSINESS WEEK

agreement with Britain is commonly accepted as of monetary stabilization. It has a tonic effect on business, encourages long-term confidence and stimulates trade.

If re-elected, will ask retention of authority to issue more of gold content. The President wants to be able to move which our domestic values.

Market appraisals of the situation have any significance. New highs not seen since 1931 were established early (October 10).

Automotive industry is enjoying its best years since 1929. Out-recovery this year is the only one every major division has all-time peaks. Steel mills latest backlog of unfilled orders 1929 (October 10).

Optimistic concerning business activity, which accounts for a year's total, retailers are only 8% more goods than last year at this time (October 10).

Construction activity during the first half has run 71% ahead of the corresponding period of 1935, with home construction 74%, non-residential building 4%, and public works and roads 7% (October 10).

Price increases are not likely to be smaller volume of crops harvested this fall farm income to show less than the usual fall peak in October. Income as a whole, however, exceeded 1935 (October 3).

Exports climbing over exports in ten years and this shift in European trade comes back as outstanding success. Reciprocal tariff act in June and bitter fight on certain (October 10).

Constitution Act now sure of being over by Supreme Court. Press appeal joins that of lumber Company on white paper (October 3).

CLEVELAND TRUST COMPANY

It remains true that 1936 is the first year of this depression during which business activity has increased for three consecutive quarters; the fourth quarter does not promise to be distinctly better than the third, nor does it indicate any sharp decline (October 15).

Present relationships between the important currencies are about where they were when the cycle of devaluation started; the cooperative agreement is an attempt to hold them there; a return to sound currencies would be better yet (October 15).

The volume of industrial production appears to have remained unchanged during July and August and to have declined slightly during September; steel has recovered fully in light steel products, but only half recovered in heavy steel products (October 15).

This recovery has been characterized by a rapid increase in consumer purchasing power; individuals have bought autos, refrigerators, steel furniture, agricultural implements, and goods sold in metal containers (October 15).

It is still true that full recovery and solution of the problems of unemployment depend largely on the revival of construction, modernization of industrial equipment, and rehabilitation of railroads (October 15).

All nations are now experimenting with intervention of government in business, and all have turned to control over the value of their moneys, realizing that here are the nerve centers that govern economic life (October 15).

GUARANTY TRUST COMPANY

In general there is a picture of substantial recovery; however, the durable goods industries, notably construction, still lag behind the general procession, despite marked gains that have unquestionably been made in recent months (September 28).

During the four months ended September 16, loans and investments of reporting banks increased \$358,000,000 of which \$290,000,000 represented an increase in loans; the principal factor in this gain was a rise of \$157,000,000 in "other" loans, indicating a demand for commercial credit (September 28).

New security issues in August were the smallest in several months, amounting to only \$295,554,557; this total compares with \$338,382,702 in July and \$437,126,816 a year ago; however, there was an unusually large proportion of new capital issues as compared with refunding issues (September 28).

Steel ingot output, after a temporary recession, has again increased; it is believed that business now on the books or in prospect is sufficient to provide for a continuance of operations at the present level, or higher, for at least another month (September 28).

In the first half of September, residential contracts awarded in 37 states were more than twice as large as in the corresponding period last year and 70% above the total for the entire month of September, 1933; natural rather than artificial causes are indicated (September 28).

Farmers' cash income from the sale of products in July amounted to \$711,000,000, the highest figure since 1929; in addition, farmers received \$24,000,000 in governmental rental and benefit payments in July (September 28).

The level of basic commodity prices during the 30 days ended September 15 advanced moderately, after a sharp upturn in the preceding 30-day period; the increase brings the index to the highest level since October, 1930 (September 28).

Industrial production in Great Britain set a new high for the second quarter; but despite this favorable industrial showing, there is considerable apprehension in Great Britain because of the failure of export trade to show commensurate gains (September 28).

The Secretary of Labor has reported that five million persons have been absorbed into regular industrial employment since the low of 1933, while 3,463,000 more are working on government jobs (September 28).

NATIONAL CITY BANK

Domestic business reports have continued decidedly of a nature to inspire confidence for the remainder of the year. The outlook for the fourth quarter in the industries is promising (October).

Indications are that excess reserves may again approach the figure of \$2,000,000,000 reached on September 9, which was the recent high point before the tax date (October).

The firmness of the bond market this month was not confined to Government issues. High-grade corporate and state and municipal bonds were in good demand. Prices for second-grade and junior corporate bonds showed advancing tendencies (October).

Cotton mills had good sales again last month, and their unfilled orders assure a high rate of operations into the winter. Rayon manufacturers, operating at capacity, are hard driven to supply their customers, and yarn stocks are short (October).

Figures indicate that the goods made have been selling satisfactorily, and the commitments of merchants for fall delivery show that they expect no recession in trade. Freight car loadings this year so far have been 13% larger than in 1935 (October).

The drought has been thoroughly broken, fall plowing had an early start, and an increased acreage is being seeded to winter grain crops under favorable conditions. Pasture conditions are improved, and feed supplies will last longer (October).

Farm marketings of livestock are running high, the cotton crop is larger than a year ago, and these products are bringing better prices than last year, while the smaller grain crops and dairy production are yielding a larger cash income (October).

It is to be hoped that the currency developments will lead in due course to relaxation of the quotas, embargoes, exchange controls, and other exceptional restrictions on trade which have made the transaction of normal business practically impossible (October).

Industrial employment and payrolls in August were the highest since the fall of 1930, and with indications that they will make additional gains this fall; business in the factory centers should be good (October).